

To the Members of the California State Senate:

Senate Bill 1398 would require the California Department of Health Services to provide to the Legislature, on an annual basis, specific information about the Medi-Cal rate setting process. This would include the methodology used and rate adjustments made or planned. Disclosing this information conflicts with existing law which requires that Medi-Cal managed care capitation rates and supporting documentation for contracts negotiated by the California Medical Assistance Commission remain confidential for four years. Further, this bill would impose unworkable requirements, such as requiring reports of unknown information like potential future rate adjustments.

While I support providing the Legislature information to assist in the development of sound fiscal and programmatic policy, I am returning SB 1398 without my signature as it conflicts with important confidentiality protections and elements of the rate setting process that are critical to California's effective Medi-Cal rate negotiations.

Sincerely,

Arnold Schwarzenegger